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## FISCAL IMPACT REPORT

SPONSOR SPAC DATE TYPED 02-11-04 HB \_\_\_\_\_

SHORT TITLE Nursing Home and Care Facility Tax Credits SB 436/SPACS

ANALYST Taylor

### REVENUE

Estimated Revenue		Subsequent Years Impact	Recurring or Non-Rec	Fund Affected
FY04	FY05			
	(2,000.0)	Increasing	Recurring	General Fund

(Parenthesis ( ) Indicate Revenue Decreases)

Duplicates HTRC substitute for HB 547

### SOURCES OF INFORMATION

LFC Files

#### Responses Received From

Taxation and Revenue Department (TRD)

### SUMMARY

The Senate Public Affairs Committee Substitute for Senate Bill 436 creates an income tax credit for expenses paid to licensed nursing homes, licensed intermediate care facilities for the mentally retarded and licensed residential treatment centers. The credit is refundable and limited to \$10 per day.

Provisions of the bill are applicable to taxable years beginning on or after January 1, 2004 and do not apply after January 1, 2008, but expenses incurred before July 1, 2004 and after June 30, 2007 are not eligible for the credit. The bill has a delayed repeal, effective July 1, 2008.

### FISCAL IMPLICATIONS

TRD reports research indicating that there are 8,400 beds for the kind of facilities that would be eligible for the tax credit. They assume that 10 percent, or 840 beds are private pay. They assume a 90 percent occupancy rate, implying 756 occupied beds. Some private pay beds are financed by insurance and some by individuals. TRD assumes that about three-quarters are paid for by individuals. Multiplying 756 by three quarters by \$10 dollars by 365 yields just over \$2.0 million.

**ADMINISTRATIVE IMPLICATIONS**

TRD reports modest administrative impacts that can be absorbed with existing resources.

BT/dm